

ABSTRACT

This study aims to analyze the impact of Environmental, Social, and Governance (ESG) disclosure on the financial performance of energy sector companies listed on the Indonesia Stock Exchange (IDX) during the period 2021 to 2023. The background of this study is based on the increasing global attention to sustainability and the importance of ESG information in business and investment decision-making. However, previous studies have yielded mixed and inconsistent results, prompting this research to further examine the relationship within the context of Indonesia's energy industry.

This study uses panel data regression analysis. The population in this study consists of energy sector companies listed on the Indonesia Stock Exchange (IDX) from 2021 to 2023 that obtained ESG scores from Bloomberg, with a sample of 13 companies over three consecutive years selected using purposive sampling. The independent variables in this study consist of aggregate ESG scores and each of its pillars (Environmental, Social, Governance), while the dependent variables are financial performance measured using Return on Assets (ROA) and Tobin's Q. This study also includes control variables, namely company size and leverage.

The results of the study indicate that aggregate ESG disclosure does not have a significant effect on financial performance. Of the three pillars of ESG, only environmental disclosure has been shown to have a significant positive effect on financial performance, while social and governance disclosure do not show a significant effect on financial performance. These findings indicate that investors respond more to ESG information related to environmental issues than to social and governance aspects.

Keywords: ESG, environmental disclosure, financial performance, energy companies, ROA, Tobin's Q